

Please read these instructions in their entirety

How to Consolidate Entities

Before beginning the set up for a consolidation of entities it is helpful to have an understanding of some basic UP YOUR CASH FLOW concepts.

Our program works with what we call ‘entities.’ You can think of an entity as a separate file that contains twelve months of projected financial data. An entity can be created for a separate company, a branch operation or a subsidiary. Behind the scenes, an entity is a large master database.

Let’s say you have a company that has two divisions. Division A and B. You want to create a separate forecast for each division and then consolidate the two divisions into one. Each division has an expense called ‘Chemical Supplies’ which if consolidated properly will be reflected on the consolidation as one expense.

Most people proceed as follows: You begin with the first entity (division A) and project sales, costs, etc. While doing expenses you need to create an expense called “Chemical Supplies”. You pick a user-defined expense item and name it Chemical Supplies – it is line 2500 in the entity’s underlining database. You complete Division A and move on to Division B a separate entity. You project sales, costs, etc. While doing expenses you need to create an expense called Chemical Supplies (the same expense as in division A) except this time the user defined item you chose to title Chemical Supplies happens to be on line 2600 in the entity’s underlining database.

Since the expense Chemical Supplies is on line 2500 in division A and line 2600 in division B when you consolidate (combine) these two entities lines 2500 and 2600 will not add together. Instead in the consolidation you will get two expense lines each called Chemical Supplies.

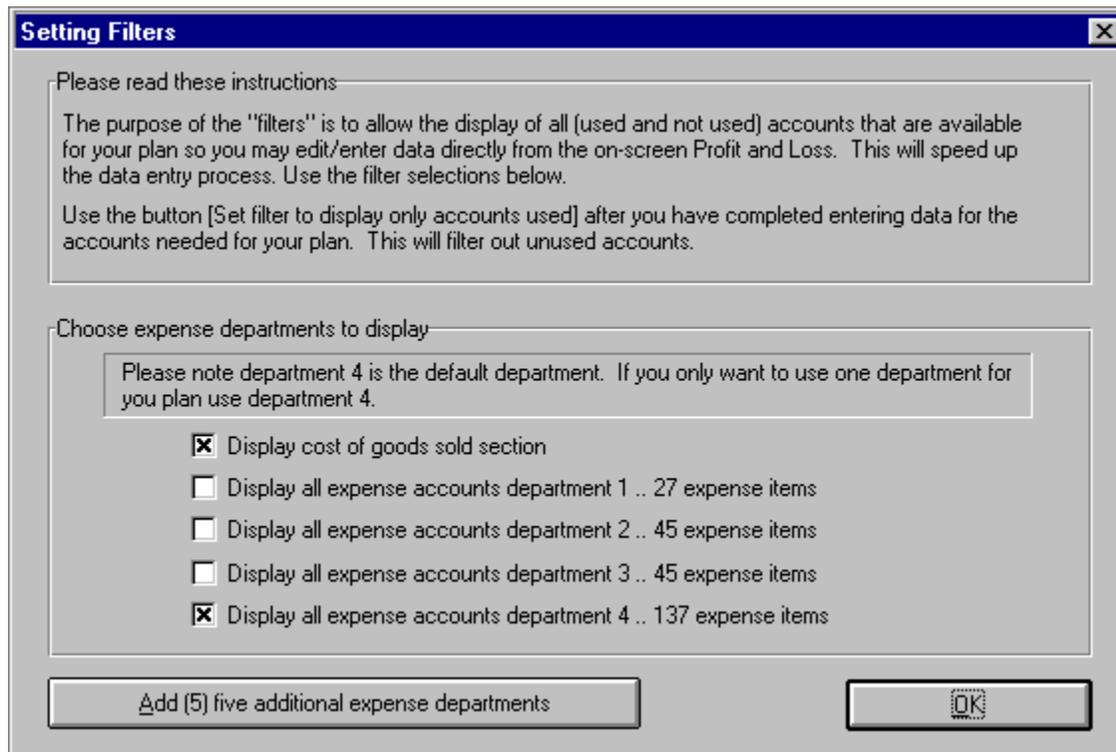
To avoid this all like items must be at the same location in each of the individual entities being consolidated (combined). If they are not they will not be added together when consolidated.

What to do: to ensure that the entities to be consolidated and have matching databases you will need to create a master chart of accounts within a ‘master entity’ (any entity may be used as a ‘master entity’) to be used by each entity being consolidated.

Creating the ‘Master Entity’

The ‘master entity’ is created from the Profit & Loss screen. From the Control Center click, on the Profit & Loss button. Continue past the setup options until you reach the Profit & Loss screen.

At the bottom of the screen click on the button labeled 'Display all account titles.' A window is shown titled Setting Filters:



This feature allows you to display in the Profit & Loss any or all of the account titles available in the program plus many user-defined options. Only check the box of the departments you want to set up for your consolidating companies. ***Remember this is for the entire consolidation, so all departments must be accounted for in the 'master entity' even though there may not be any data entered for the specific item in the 'master entity'.***

If you are only using one expense department use department 4. Department 4 is the default department. Department 4 is also the G&A department containing interest on credit lines and term debt, amortization of expenses etc. Therefore, use department 4 for consolidated G&A expenses.

After you've checked the appropriate departments click OK and you are returned to the Profit & Loss. All the accounts for the departments chosen will be displayed. Edit the titles and enter data where appropriate and create the 'master entity's chart of accounts. Also, create those titles, in the 'master entity', not containing data in the 'master entity' but will have data in any of the other entities being consolidated. I.e., in the above example if Chemical Supplies is not an appropriate expense of the 'master entity' but is an expense in one or more of the other entities being consolidated it must be set up in the 'master entity'. It will now be in the same location for all consolidating entities.

Entering data in the ‘master entity’

The master entity should be one of the consolidating entities. Therefore you may want to complete the entire forecast for the ‘master entity’ before copying the data to one or more of the consolidating entities. By doing this you will save significant time, as you will only have to edit changes applicable to the specific consolidating entity. ***Please note after you copy the ‘master entity’ to one of the consolidating entities please correct the beginning balance sheet of the consolidating entity to make certain it is not a duplicate of the ‘master entity’s’ this will avoid a overstating the beginning balances in the consolidation. Also make any appropriate changes to any items not require.***

Recap: consolidating entities

Step 1. Create a ‘master entity’ that contains ***all*** of a company’s account titles. You may enter all financial assumptions in the ‘master entity’ before proceeding. Also, create those titles, in the ‘master entity’, not containing data in the ‘master entity’ but will have data in any of the other entities being consolidated. I.e., in the above example if Chemical Supplies is not an appropriate expense of the ‘master entity’ but is an expense in one or more of the other entities being consolidated it must be set up in the ‘master entity’. It will now be in the appropriate location for all consolidating entities.

Step 2. After completion of the ‘master entity’ you may copy the entity to another in its entirety or only transfer the account titles. You must always copy the account titles to the *consolidation* entity number 00.

To copy the ‘master entity’ in its *entirety* to another entity go to the ***File*** menu and choose ***Save.. Copy Data To A Disk Or Hard Drive*** and follow the instructions for copying the data to another entity.

To copy the ‘master entity’s’ account titles to the consolidation entity use the button on the toolbar ***How To Consolidate*** and follow the instructions under ***Transfer an entity’s account titles to the consolidation.***

To copy the ‘master entity’s’ account titles to another entity use the button on the toolbar ***How To Consolidate*** and follow the instructions under ***Transfer an entity’s account titles to the another entity.***

Step 3. After you copy the ‘master entity’ to each entity proceed to the entity and enter the appropriate financial assumptions.

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